STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
Tony Evers, Governor
Kathy Blumenfeld, Secretary
David Pawlisch, Division Administrator

March 10th, 2025

Taylor Smith, Village President
Village of Smithtown
Address
City, WI Zip

RE: Discontinuing Community Development Block Grant (CDBG) Small Communities Housing Revolving Loan Fund (RLF)

Dear Village President Smith:

To meet federal requirements, DEHCR outlined a plan in its 2025-2029 Consolidated Plan to discontinue all locally held Housing RLF programs.

In the early 1980s the Community Development Block Grant Housing (CDBG-HSG) program began providing funding to local units of government for the purpose of offering housing repair loans to low- to moderate-income (LMI) households. Under program guidelines, the community would award CDBG funds to eligible LMI households and the funds would be repaid by these households when they no longer owned or occupied the property as their primary place of residence. The repaid funds, along with interest earned on repaid funds, would establish a locally held CDBG Housing Revolving Loan Fund (RLF). The RLF would continue to be operated by the local municipality to provide new loans to LMI residents for housing repairs.

In 2012, the Division of Energy, Housing and Community Resources (DEHCR) discontinued the competitive award process and began to award CDBG housing funds via a fair share formula on a regional level. The State was divided into seven housing regions, covering every non-entitlement community in the State of Wisconsin. Under this model, all eligible LMI residents now have access to funds at the regional level, rather than relying on their community to receive an award from the State. A stipulation being if their community has an existing RLF, the applicant must first access funds through their community. If the community RLF does not have funds available, then the applicant can be served directly by the regional program.

Federal regulations require that funds repaid by homeowners (program income) and held in a local RLF account for a specific purpose (housing) must be spent prior to the state utilizing new grant funds for the same purpose. There is also an expectation that the RLF community “re-loan” the RLF balance back to the community in a timely manner. This expectation has not been met. Over the last ten years the amount of cash on hand, held at the local level, has steadily increased. As of March 31, 2024 there are approximately 215 local RLFs and the ending cash balance held by communities was approximately $22 million.

DEHCR held several public comment periods across the state in the summer of 2024 to discuss the Consolidated Plan elements, which included discontinuing the local RLF housing programs to create an affordable housing program. The comments received pertaining to the development of the new program using the program income from the housing RLF's were supportive.

The 2025-2029 Consolidated Plan calls for Housing RLF funds held at the local level to be returned to DEHCR, and the funds will be used to create an affordable housing program to convert underutilized or vacant buildings into affordable housing units.

DEHCR will hold two in person and one virtual meeting later this spring to provide additional information on the program. You or your designated representative **will need to attend one of the following scheduled meetings** to become familiarized with the process and how these changes may affect your community.

April 8, 2025 1pm-2pm	April 24, 2025, 1pm-2pm	April 29, 2025, 10am-11am
DOA Building	**Conference Center**	**Virtual Session via TEAMS**
101 E Wilson St.	1000 Lake View Drive	Email invite will be sent
Madison, WI	Wausau, WI	
St. Croix Room	Wisconsin Room	

Please contact Cassandra Dobson at Cassandra.dobson1@wisconsin.gov to let us know which meeting you will attend. Those electing to attend the virtual meeting will receive an email with a link for the meeting.

Thank you for your partnership and your attention to this matter.

Sincerely,

Tamra Fabian

Tamra Fabian, Director
Bureau of Community Development
Division of Energy, Housing and Community Resources

cc: M. Smith, Clerk/Treasurer, Village of ABC
Cassandra Dobson, Grant Specialist- Advanced, DEHCR
Mark Staff, Deputy Division Administrator, DEHCR
Cindy Frankiewicz, Fiscal Section Chief, DEHCR